

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations-- includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board

--in recent past or present

- AT&T Services, Inc.
 - centerpoint360
 - UPS
 - Bayer Corporation
 - GlaxoSmithKline
 - Energy Future Holdings
 - Johnson & Johnson
 - Coca-Cola Company
 - PhRMA
 - Kraft Foods, Inc.
 - Coca-Cola Co.
 - Pfizer Inc.
 - Reed Elsevier, Inc.
 - DIAGEO
 - Peabody Energy
 - Intuit, Inc.
 - Koch Industries, Inc.
 - ExxonMobil
 - Verizon
 - Reynolds American Inc.
 - Wal-Mart Stores, Inc.
 - Salt River Project
 - Altria Client Services, Inc.
 - American Bail Coalition
 - State Farm Insurance
- For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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The 21st Century Commercial Nexus Act

Did you know that the Evergreen Freedom Foundation--which is connected to the Kochs--was the corporate co-chair in 2011?"

Summary

The productivity enhancing gains of the "new economy" have led to unprecedented levels of economic growth in the United States. The Internet and other telecommunications services allow business and consumer to conduct transactions in seconds, even though they may be located thousands of miles apart. And yet, under the rules of the "old economy," the technology of the "new economy" threatens to make many consumers and businesses subject to taxation in multiple jurisdictions. State governments must act now to protect the "new economy" from over-regulation. States can accomplish this by adopting bright line rules giving clear guidance to businesses as to when and where their business activities will require them to collect and remit sales and use taxes in particular states.

Model Legislation

{Title, enacting clause, etc.}

Section 1. {Title} This Act may be cited as The 21st Century Commercial Nexus Act.

Section 2. {Statement of Purpose} It is the intent of the LEGISLATIVE BODY to create a bright line rule, similar to that espoused by the Supreme Court of the United States in *Quill v. North Dakota*, 504 U.S. 298 (1992), to determine when a business must collect and remit sales and use tax to the state of [Insert Name].

Section 3. {Definitions}

(A) "business" means any entity engaged in commerce or enterprise.

(B) "employees" means paid servants of a business that lives or works in the state of [Insert Name].

(C) "common carrier" means mail, air, ground, rail or other form of transportation commonly used to facilitate business.

(D) "advertising" means the promotion of products or services of a particular business in print, electronic, television, radio or other forms of media.

(E) "licensing" means an agreement between a software seller and software user that the user will be the sole consumer of the software product.

(F) "representatives" means employees or independent contractors of a business.

(G) "nexus" means substantial physical presence, such as facilities, plants, distribution centers, offices, property and employees.

Section 4. {Amendment to State Sales and Use Tax Code}

Section [insert appropriate section] is amended to read:

(A) No business shall be liable to collect and remit sales and use tax to the state of [Insert Name] unless the business has nexus in the state of [Insert Name].

(B) Conducting economic activities, such as, but not limited to, directing business activities toward the state of [Insert Name] by use of telecommunications or common carrier, advertising in the state of [Insert Name], licensing software in the state of [Insert Name], deriving income or revenue from customers in the state of [Insert Name], sending representatives to the state of [Insert Name] to generate business, attending trade shows in the state of [Insert Name], conducting seminars in the state of [Insert Name], assessing competitor's products in the state of [Insert Name], without more, is not enough to constitute nexus in the state of [Insert Name].

Section 5. {Severability Clause}

Section 6. {Repealer Clause} ← **Were your laws repealed?**

Section 7. {Effective Date}

Adopted by the Tax and Fiscal Policy Task Force at the Spring Task Force Summit, April 13, 2002. Approved by the full ALEC Board of Directors May, 2002.

Center for Media and Democracy's quick summary

This act would amend state statutory provisions relating to nexus for sales and use tax purposes to create a clearer demarcation that protects Internet and other telecommunications services from "over-regulation"/taxation. This would make combined reporting harder and make it harder to collect taxes from corporations in general.

About Us and ALEC EXPOSED. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECexposed.org. For more information contact: editor@prwatch.org or 608-260-9713.